

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 575 - HB 1453**

March 14, 2021

**SUMMARY OF BILL:** Effective October 1, 2021, requires smoking cessation products to be covered under the Volunteer Rx discount plan (plan).

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditure – \$837,200/FY21-22  
\$1,136,600/FY22-23 and Subsequent Years**

Assumptions:

- The Volunteer Rx discount plan currently has 44,116 members and only covers one smoking cessation product. The analysis assumes that the current product, bupropion will either be replaced or used in addition with one of the new covered smoking cessation products.
- Based on information provided by the Division of TennCare, it is estimated that 2.1 percent of members, or 926 (44,116 x 2.1%), will utilize at least one cessation product.
- The quantity limit for all cessation products is 24 weeks per year.
- The following products and their pricing will be covered under the Volunteer Rx plan as a result of the proposed legislation:
  - Nicotine replacement therapy products (NRT) at \$635;
  - Chantix at \$2,790 and;
  - Nicotrol Inhaler at \$2,500.
- It is estimated that:
  - 72.5 percent or 671 (926 x 72.5%) members will use NRT products;
  - 27 percent or 250 (926 x 27.0%) members will use Chantix; and
  - 0.5 percent or 5 (926 x 0.5%) members will use Nicotrol Inhaler
- The increase to state expenditures for NPT products is estimated to be \$426,085 (671 x \$635).
- The increase to state expenditures for Chantix is estimated to be \$697,500 (250 x \$2,790).
- The increase to state expenditures for a Nicotrol Inhaler is estimated to be \$12,500 (5 x \$2,500).
- The total recurring increase to state expenditure for covering the additional smoking cessation products under the Volunteer Rx plan is estimate to be \$1,136,085 (\$426,085 + \$697,500 + \$12,500).

- There will be an unknown drop in the number of Bupropion prescriptions under the Volunteer Rx plan.
- A 24-week treatment of Bupropion costs \$38.46.
- A decrease of 500 annual Bupropion prescriptions under the Volunteer Rx plan.
- A decrease in state expenditures of \$19,230 (500 x \$38.46).
- A net increase in state expenditures of \$1,116,208 (\$1,135,438 - \$19,230).
- Due to the requirement that such products be covered October 1, 2021 the first-year impact will be 75 percent of a full year.
- The total increase in state expenditure is estimated to be \$837,156 (\$1,116,208 x 75%) in FY21-22.
- The total recurring increase in state expenditure is estimated to be \$1,116,208 in FY22-23 and subsequent years.
- The proposed legislation will not have a significant impact on the procedures or processes of the health-related boards or the Department of Health; therefore, any fiscal impact is estimated to be not significant.

## **IMPACT TO COMMERCE:**

**Increase Business Revenue - \$837,200/FY21-22**

**\$1,136,600/FY22-23 and Subsequent Years**

Assumptions:

- Companies that make and provide such smoking session products would see an increase in business revenue estimated to be \$837,156 (\$1,116,208 x 75%) in FY21-22.
- The total recurring increase in business revenue is estimated to be \$1,116,208 in FY22-23 and subsequent years.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Bojan Savic, Interim Executive Director

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